

EXHIBIT D

300 Slater Street
Ottawa, ON K1A 0C8

Our file: 6215-20-1

December 17, 2003

Mr. Ted Ignacy
Vice President - Finance and Treasurer
Telesat Canada
1601 Telesat Court
Gloucester, Ontario
K1B 5P4

Dear Mr. Ignacy,

I want to thank you for participating in the Department's *Call for Interest in Broadcasting Satellite Orbital Positions*. As you know, 11 broadcasting positions were available for assignment at 17 GHz, while 3 positions were available at 12 GHz. The Department invited expressions of interest with the intention of assigning positions to those qualified applicants with substantive plans that would see satellites implemented within certain time frames to provide capacity to serve Canada and beyond.

Only one 12 GHz orbital position will be awarded at this time, and I am pleased to provide Telesat Canada with our approval in principle to develop and operate a broadcast-satellite space station at the 72.5°W orbital position using the 12 GHz frequency band. This approval is subject to Telesat providing the Department with an update on Telesat's ownership and control information for approval by the Department, and subject to the attached conditions of licence.

Also, modification to the ITU plan set out in Appendix 30 and Appendix 30A of the ITU *Radio Regulations* to accommodate the operation of your planned satellite will be required. While the Department will attempt to achieve the most favourable conditions possible for achieving this modification, the Department cannot provide any assurance or guarantee as to the ultimate success of the effort, nor foresee any limitations or restrictions that may need to be placed upon the satellite network as a result.

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Finally, the Department is very encouraged by the amount of interest received in 12 GHz positions. Given this interest, the Department will soon be re-opening the Call for interest in the 2 remaining 12 GHz positions. We encourage your participation in this future process. At this time, the Department is still considering the interest received in the 17 GHz orbital positions.

Please accept my warmest congratulations. I look forward to the implementation of your service offerings in the coming years and the contributions your satellites will make toward connecting Canadians. In keeping with our commitment to open, fair and transparent licensing processes, this letter will be posted on the Department's Strategis website.

Yours sincerely,

Jan Skora
Director General
Radiocommunications and
Broadcasting Regulatory Branch

Attachment

**Conditions of Licence for Telesat Canada (Telesat)
12 GHz BSS Satellite Operating at 72.5°W Orbital Position**

Licence Eligibility

1. Telesat shall conform on an on-going basis with the Canadian ownership and control requirements as set out for a radiocommunication carrier in section 10(2)(d) of the Radiocommunication Regulations.

Licence Transfer

2. This licence may not be transferred or assigned without full review of the application by the Department and the authorization of the Minister. For clarification and without limiting the generality of the foregoing, “transfer” includes any leasing, sub-leasing or other disposition of the rights and obligations of the licence, and also includes any change which would have a material effect on the ownership or control in fact of Telesat.

Serving Canadian Broadcasting Needs

3.
 - a) Telesat shall operate the interim and new satellite facilities as a Canadian telecommunications common carrier.
 - b) Notwithstanding condition 3(a), Telesat may assign up to 50 percent of the capacity of the new satellite, to serve foreign broadcasting needs for the term of the licence.
 - c) Telesat shall retain a minimum of 50 percent of the capacity of the new satellite for Canadian broadcasting undertakings until the launch of the new satellite, and shall initiate a public “call for interest” to determine Canadian needs for this retained satellite capacity. This “call for interest” shall not close before the launch of the new satellite. Should the retained capacity exceed identified Canadian requirements, Telesat may assign such excess retained capacity for service in other countries for the term of the licence.
 - d) Should Telesat apply to the Department to license a replacement for the new satellite, the Department may review the applicability of conditions 3(b) and 3(c).
4. A minimum of 50 percent of the transponders on the new satellite to be operated under this licence shall be capable of serving all regions of Canada visible from the assigned orbital position, including Northern Canada.

Milestones

5. Telesat shall meet all implementation milestones by the respective dates set out in the following table:

	Milestone	Date
1	Placement of an interim satellite into the authorized orbital position.	14 July 2005
2	Submission to Department for approval of final design specifications for a new satellite to be operated at the authorized orbital position.	31 December 2005
3	Final signature of contracts for (1) the construction of the new satellite, and (2) the launch of the new satellite into the authorized orbital position by milestone 4.	31 December 2006
4	Placement of the new satellite into the authorized orbital position.	31 December 2008

Capacity to Improve Connectivity

6. Telesat must direct a minimum of two percent of adjusted gross revenues resulting from the operation of its satellite at the 72.5W orbital position towards special initiatives, such as the National Satellite Initiative being delivered by Industry Canada, aimed at improving connectivity in under-served areas of Canada. Such special initiatives will be developed with the Department.

International Coordination

7. Telesat shall, at its own expense, participate with the Department to effect the successful modification of the BSS frequency assignment plans of Appendix 30/30A of the ITU Regulations, provide the Department, in a form acceptable to the ITU, with any required information, and be responsible for the payment of all ITU processing charges related to the submission of this information.
8. Telesat must fulfill all commitments made by Canada pursuant to all international coordination arrangements for the operation of a direct broadcast satellite facility in the 72.5° W orbital position.

Industrial Benefits

9. Telesat must make fair and reasonable efforts to develop, promote and purchase satellite network components from Canadian manufacturers.

Operational Requirements

10. Telesat must operate the satellite within the provisions of the ITU *Radio Regulations*, Canadian legislative and regulatory requirements, and Departmental spectrum policies.

Reporting

- 11 a) Telesat must submit a detailed annual report to Industry Canada. This annual report must include:
 - An update indicating progress made in all areas respecting this licence;
 - An update indicating continued compliance with all licence conditions;
 - An update on any negotiations undertaken pursuant to condition 7;
 - An update on activities related to improving connectivity in underserved areas of Canada;
 - Copies of any existing report for Telesat's fiscal year with respect to this authorization; and
 - A current listing of all satellite capacity being made available through this authorization, the capacity assigned to Canadian service providers and others, including the parties to which it is assigned, and any unused capacity including the terms of its availability.
- b) These annual reports are to be augmented with semi-annual interim reports providing an update on all aspects of design, procurement, construction, coordination and launch of the satellite facilities until the new satellite has been put into service.

Licence Fees

12. Telesat must pay applicable annual authorization fees in advance on or before March 31 of each year.